

# Plan(b)

## Frequently Asked Questions



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## Q What is Plan(b)?

A Plan(b) is a retirement savings program for employees of public education employers. It is a simple way to establish your retirement savings account in the plan maintained by your employer.

## Q Why does my employer offer Plan(b)?

A Plan(b) is designed to encourage employees to participate in the voluntary retirement plan or other designated plans, thereby creating future financial security.

## Q Now that I know about Plan(b), what is the process to enroll?

- A
- Enrollment in Plan(b) can be easy as 1-2-3. You do not need to make any investment decisions as your contributions will initially be deposited into a Guaranteed Income Fund (GIF), which is an interest-bearing account with a guarantee of principle. Simply complete the QuickENROLL process, and you will be on your way to saving for your future financial security. Once the enrollment process has been completed you will receive information regarding account access and changing your investment options should you so choose.
  - You may also wish to enroll with one of the other authorized investment providers in the retirement plan that provide services such as advisor assistance. A listing of these providers may be found on your employer's page at [www.tsacg.com](http://www.tsacg.com).

## Q I'm a little uneasy about reducing my take-home pay. Could you explain more about how that works?

A Because your contributions are made on a pre-tax basis, Plan(b) is your opportunity to save for retirement now and pay taxes later--when you withdraw your money. This deferred tax break is the government's way of encouraging you to save as much as you can today, so that you benefit over the long-term. As the example below shows, the impact on your take-home pay is minimal because your contributions are made on a pre-tax basis.

NOT PARTICIPATING		PARTICIPATING	
Bi-Weekly Pay	\$1800	Bi-Weekly Pay	\$1800
Salary Deferral	\$0	Salary Deferral (3%)	\$54
Taxable Amount	\$1800	Taxable Amount	\$1746
Take-home after taxes	\$1350	Take-home after taxes	\$1309.50

Based on 25% tax bracket

**Difference \$40.50**

**Q** **What percentage of my pay should I contribute?**

**A** While ultimately your contribution percentage is dependent on your particular financial situation, contributing 3% of your pay can be a great way to get started.

**Q** **Does the percentage I contribute always stay the same?**

**A** You can increase or decrease the amount of your contribution by completing an amended Salary Reduction Agreement (SRA). Please check with your payroll department regarding the process to complete a new SRA as this may vary by employer.

**Q** **Tell me more about the Prudential Guaranteed Income Fund (GIF).**

**A** The Prudential Guaranteed Income Fund (GIF) is designed to provide safety of principal, liquidity, and a competitive rate of return. This means the money you put into the GIF (the principal) will be protected, you can leave the fund without penalty, and you will also earn interest on that principal.

**Q** **What if, once contributions start, I want to invest in something other than the GIF?**

**A** You can invest in one or more of the other investment options offered by Plan(b) or open a retirement account with one of the authorized investment providers in your employer's retirement plan. The options available through Plan(b) include 15 funds from Vanguard and Dimensional Fund Advisors--both well-known companies that offer mutual funds. In fact, these funds are available only through retirement plans--not in the open market.

**Q** **Having to figure out which of the funds I might be interested in is starting to sound a little overwhelming to me. Is there a middle ground between the GIF as the core option and having to choose certain funds?**

**A** Yes, there is a middle ground. Plan(b) offers what are known as model portfolios, which are combinations of the funds based on your tolerance for risk. For example, there is a Conservative portfolio, a Moderate portfolio, and an Aggressive portfolio available, so you can choose a preset list of funds based on your own thoughts about investing. And remember, if it feels too overwhelming, you can always let your contributions go into the GIF. That's what it's there for--to give you an investment on which you'll earn interest while you're considering other options.

**Q** **Where can I find out more about these funds?**

**A** Information regarding each fund as well as the Asset Allocation Model Portfolios can be found at [www.planbaccount.com/investments.html](http://www.planbaccount.com/investments.html).

**Q** **I've seen notices for "Open Enrollment" around my workplace, and know that many of my colleagues work with financial advisors. Do I need to find an advisor?**

**A** Plan(b) is designed to offer you investment options you can choose on your own, so for Plan(b), there are no investment advisors. There are other investment product providers approved by your employer's plan that offer investment advice from financial professionals. A listing of these providers may be found on your employer's page at [www.tsacg.com](http://www.tsacg.com).

## **Q How will my account be established?**

**A** Once you have enrolled, an account will be established for you with FPS Trust Company (FPS); FPS provides record keeping and custodial services for Plan(b). As contributions are made, FPS will ensure your money is invested according to your directions (or into the GIF if you do not provide directions).

## **Q What fees are associated with my Plan(b) account?**

**A** Plan(b) was designed to be a low-cost investment option, so the fee structure is simple.

- Account maintenance fee: Your account will be charged \$40 annually, billed \$10 quarterly.
- Trust/Custody Administration fee: If your account includes investments with one or more of the mutual funds offered by Plan(b), the portion of your account invested in mutual funds will be charged an annual rate of 0.25% on the average daily balance, billed 0.0625% quarterly.
- Loan origination fee: Each time you take out a loan (assuming your plan allows loans), there is a \$100 origination fee.

You should also know that there are investment expenses associated with each investment option. You can see the details in the quarterly account statement we will send to you or on demand online at [www.PlanBaccount.com](http://www.PlanBaccount.com).

## **Q How will I be able to keep track of my account balances?**

**A** FPS Trust Company will send you quarterly statements. You will also be able to access your account information online.

## **Q Suppose for some reason I need to take my money out of this Plan(b) account. Is that possible?**

**A** You have to meet certain IRS requirements to withdraw your money. Plan(b) is a tax-advantaged plan (that is, it's funded with money on which you have not yet paid taxes) intended to provide you with additional income during your retirement years. You may be able to take loans against your balance if this is a provision included in your employer's plan. More information regarding distributions can be found in the Distribution Guide, which is posted online at [www.PlanBaccount.com](http://www.PlanBaccount.com).

## **Q If I need some assistance, is there somewhere I can call?**

**A** Yes. TSA Consulting Group can answer your questions about how Plan(b) works and help you with any forms you might need to complete, whether it's to actively invest or to withdraw money. They can be reached at (866) 752-6286. Keep in mind, though, that TSA Consulting Group cannot provide any investment advice. They will, however, be able to help you locate investment information on the Plan(b) website: [www.PlanBaccount.com](http://www.PlanBaccount.com).